

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION  
CITY OF SCOTTSDALE  
PINNACLE CONFERENCE ROOM  
7575 EAST MAIN STREET  
SCOTTSDALE, ARIZONA  
SEPTEMBER 20, 2005  
MINUTES**

**MEMBERS PRESENT:**

Ned Sickle, Chairman  
John Holdsworth, Vice-Chairman (arrived at 9:03am)  
Margaret Dunn, Commissioner  
Sally Shaffer, Commissioner  
Jerry Gleason, Commissioner

**ABSENT:** Tom Morrow, Commissioner  
Gordon Zuckerman, Commissioner

**STAFF:** Kathy O'Connor  
Kathy Montalvo  
Jennifer Hawkes  
Dave Roderique

**OTHERS PRESENT FOR ALL OR PART OF THE MEETING:**

Craig Clifford  
Brent DeRaad  
Steve des Georges  
Lee Guillory  
Mitch Nichols  
Rachel Sacco  
Mike Sculley

**1. CALL TO ORDER**

Chairman Sickle called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:04 a.m.

**2. ROLL CALL**

A formal roll call confirmed members present as stated above, noting the presence of a quorum.

**3. APPROVAL OF MINUTES (Attachment 1)**

**COMMISSIONER DUNN MOVED TO APPROVE THE MINUTES OF THE AUGUST 16, 2005 MEETING. SECONDED BY COMMISSIONER SHAFFER. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0).**

**4. MONTHLY UPDATES**

**Bed Tax Staff Report (Attachments 2A and 2B)**

Ms. O'Connor reported that bed tax revenue is 13% ahead of last year, putting the Commission approximately 9% ahead of the projected budgeted revenue for the year. Hoteliers anticipated a very strong fall season. Since the official tax audit report is not finished, the official percentages on hotel/motel, retail and restaurant tax changes are not yet available; however, Ms. O'Connor reported that the trend remains positive. Year-to-date numbers should be available for the next meeting.

**Smith Travel Research Lodging Report (Attachment 3)**

Ms. O'Connor reported that through July, the Smith Travel Research Lodging Report reflects a year-to-date increase of 5.4% in occupancy and a 7.4% increase in average rate for the market area over the past year. Excess supply has been largely absorbed in the marketplace and RevPar is 13.3% ahead of the same time last year.

**Project Status Updates**

Ms. O'Connor indicated that Mitch Nichols would deliver a report on the Five-Year Strategic Plan later in the meeting. The Desert Discovery Feasibility Study continues to move forward and a report will be delivered at the October meeting. More than eighty applications have been received for the Event Services Development Manager position.

**5. BED TAX PROFORMA**

Craig Clifford reviewed the draft version of the Proforma, noting that a conservative estimate for annual revenue was estimated at 3%. Chairman Sickie agreed that estimates should remain on the conservative side but he felt that year-end revenues would prove to be much higher.

In response to Chairman Sickie's inquiry, Mr. Roderique stated that the Loloma Museum is being reconsidered in terms of its feasibility. If City Council were to approve the project, \$3 million in financing would come from the bed tax while \$4.5 million would come from the general fund.

**6. YEAR-END FY 2004/2005 CVB PERFORMANCE REPORT**  
**(Attachments 4A AND 4B)**

The CVB year-end performance report is very positive. Thirteen performance measures exceeded 100% of the desired goal, while four exceeded 150% and six exceeded 200%. Event marketing saw the largest performance increase largely due to impressions generated from televising PF Chang's Rock 'n' Roll Marathon. Ms. O'Connor noted that based on these strong results, the CVB is eligible for consideration for a performance incentive bonus which, based on the formula in the FY 04/05 CVB contract, is estimated to be between \$400,000 and \$480,000. She asked if the Commission would support making a request to the City Council to allocate the bonus funds.

In response to inquiries by Commissioners, Mr. Roderique clarified that by agreement, the performance bonus was to be awarded as part of the next fiscal-year budget but was subject to the approval of City Council. He further reported that FY 05/06 budget authority to spend those funds currently exists, but that each item must go before the City Council for final approval.

Mr. Roderique agreed with Chairman Sickles' remark that the Commission would be better served tying the request for such funds to specific programs such as the Five-Year Strategic Plan rather than as an outright bonus.

In response to Commissioner Shaffer's request for details, Ms. Sacco specified initiatives relating to marketing and sales opportunities that supported the CVB's mission to implement the strategic plan, such as increased airtime for television commercials could also be considered in the current fiscal year.

The Commission informally indicated its recommendation that City Council approve awarding the incentive bonus to the CVB.

**7. SCOTTSDALE CONVENTION AND VISITOR'S BUREAU UPDATE**

Ms. Sacco reported that last week's annual meeting was a success with 460 people in attendance. Commissioner Dunn complimented the CVB's efforts towards developing the television commercials.

In response to a question by Chairman Sickles, Ms. Sacco stated that the shelf life of the commercials is expected to be three to five years, depending on the level of funding provided for the effort. The commercials are designed to have unique phone numbers and URL's that will allow the CVB to measure data incrementally and report on the effectiveness of their strategy at a future time.

Mr. DeRaad reported on the VICA research that identifies the highest performing "most-likely" zip codes. VICA research is useful in comparing visitor-stay data to visitor-inquiry data in planning media buys. Using this information, the CVB

decided to air commercials on the Travel Channel and Food Networks in the Chicago market in January and March of 2006. Additional funds would allow for similar saturation in the New York market. Airtime will not be bought in short-haul markets such as Los Angeles and San Francisco since these cities would benefit more from a tactical approach using online programs.

Chairman Sickie asked why funds are being used in the peak season of March and April instead of adding value to the fall months. Mr. DeRaad responded that with limited funds, peak season is the priority but that efforts are being considered that would expand exposure in the marginal months.

**8. PF CHANG'S ROCK 'N' ROLL MARATHON AGREEMENT  
(Attachment 5)**

Ms. O'Connor sought the Commission's approval of a proposed multi-year agreement with PF Chang's Rock 'n' Roll Marathon. Long-term agreements such as this one are seen as instrumental in retaining events and expanding their influence and economic impact. Under the agreement, the CVB would contribute funds annually to the event. The City of Scottsdale's involvement would include in-kind municipal services in the amount of \$234,617 and bed tax funds amounting to \$72,000 over a four-year period.

Seeking clarification, Chairman Sickie was told marathon years provided an increase of \$100,000 more in bed taxes and \$70,000 in sales taxes over non-race years.

Commissioner Gleason offered his support, remarking that the marathon falls in an ideal time period and has a notable and measurable impact on the community at large. Commissioner Dunn concurred.

**COMMISSIONER SHAFFER MOVED TO SUPPORT THE CVB IN ENTERING INTO A MULT-YEAR CONTRACT WITH PF CHANG'S ROCK 'N' ROLL MARATHON. SECONDED BY COMMISSIONER GLEASON. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FOUR (4) TO ZERO (0).**

**9. FIVE-YEAR TOURISM DEVELOPMENT STRATEGIC PLAN REPORT**

On October 6, Mr. Nichols will present the Commission with the State of the Industry Report in order to receive desired feedback. The report will identify issues that need to be addressed in upcoming months that are deemed key in developing the Five-Year Strategic Plan.

**10. MARICOPA COUNTY SPORTS COMMISSION**

Mike Sculley and Steve des Georges introduced their organization. The Maricopa County Sports Commission (MCSC) is a public corporation that was

created to bid on events hosted cooperatively by multiple cities in the Phoenix metro area. The group has since expanded its activities to include cooperative marketing of existing teams and venues and also advocates the development of a regional multi-sport recreation complex that would be better able to attract large events such as youth tournaments.

A recent five-year study indicated the group generated \$79 million in local revenues while working with an operating budget of \$400,000. Mr. Sculley asked the Commission to consider restoring the funding that Scottsdale once provided to the MCSC.

Mr. DeRaad confirmed that the MCSC has been a valuable asset to the CVB in developing events in past years. Ms. O'Connor informed the Commission that the group received \$10,000 from the bed tax before post-9/11 budget cutbacks and the cuts were not performance based.

Commissioner Shaffer proposed that the matter be put on the agenda for the next meeting.

**11. ANNUAL TOURISM DEVELOPMENT RETREAT AGENDA  
(Attachment 6)**

The Commission indicated its approval of the proposed agenda for the annual retreat.

**12. ITEMS FROM THE FLOOR**

Ms. O'Connor reminded the Commission that there will be two Commissioner openings in December and reviewed the process by which commissioners are appointed. Commissioner Shaffer's first three-year term will end this year and she is eligible for a second appointment. Commissioner Morrow's second term expires and his seat will be open. In total, four seats on the Commission are to be filled by hoteliers while the tourism community at large must occupy the remaining three. Applications are submitted to the City Clerk's office. The City Council will then interview the applicants and make recommendations at a formal meeting.

**13. PUBLIC COMMENTS**

There were no public comments.

**14. ADJOURNMENT**

With no further business before the Commission, the meeting adjourned at 9:21 a.m.

Respectfully submitted,  
A-V Tronics, Inc.